A. PURPOSE AND SCOPE

1. To define areas of responsibility and to outline administrative procedures governing the development and management of the student body budget in secondary schools.

2. Related Procedures:
   Sale of Industrial Arts Supplies and Materials to Students……………………………… 2155

B. LEGAL AND POLICY BASIS

1. Reference: Board Policies D-4000, D-4010, D-5000; Education Code sections 48930, 48936, 48937; State Accounting Procedures for Student Organizations.

2. Individual school ASB constitutions and bylaws shall contain a budget philosophy, and general rules and regulations for management of student body funds, including ASB budget and trust fund accounts.

C. GENERAL

1. Originating Office. Suggestions or questions concerning this procedure should be directed to the Financial Accounting Department, Office of the Controller, Finance Division.

2. Definitions.

   a. **Budget**: Financial plan or statement showing anticipated income and expenditures for a given activity or group of activities.

   b. **ASB Budget**: Financial plan for those activities underwritten by Associated Student Body for the benefit of the total student body.

   c. **Trust Fund Account**:

      (1) Club budget is an account for activities benefitting members of a specific organization or club.

      (2) Special purpose budget is a fund restricted by the donor for a particular purpose, e.g., scholarship funds, PTA funds, and faculty accounts.

      (3) Supplemental projects account is an account established by a specific student group for purchasing supplies and equipment (on occasion through district purchasing procedures) to develop supplemental or school-related projects, e.g., shop trust accounts.

         Restriction: if projects are part of regular instructional program, the district must supply supplies and equipment without extra charge.

3. **Budget Philosophy**.

   a. ASB budget shall be a balanced, dollar-per-item budget. *Overspending is prohibited.*
b. The budget procedure shall provide flexibility for adjustment to meet emergency need of the school.

c. ASB budgets prepared by May 1 of the preceding school year shall be designed to utilize the income for benefit of students enrolled the following school year.

4. **Budget Development.**

   a. Student-faculty finance committee, composed of ASB council students, ASB advisor, faculty members, financial clerk, and a management employee, shall be formed to develop a recommended budget.

   b. A time schedule shall be established so the preliminary budget may be adopted by May 1, and the final budget, no later than October 1.

   c. A procedure to request budget consideration shall be developed for activities and organizations.

   d. Requests for budget consideration shall be accompanied by current inventory of equipment and supplies.

   e. Provision for a reserve for equipment replacement may be made.

   f. Contingency fund for the principal may be established only if used for guests and for the benefit of the general student body.

5. **Budget Approval.** The governing board of the student body shall approve the budget. Such approval shall be considered sufficient authorization, without further governing board action, for making expenditures for the purposes budgeted. Student-faculty finance committee shall present recommended preliminary and final budgets in a form that will include:

   a. Summary sheet showing for each activity actual total income and expenditures for preceding year, total estimated income for new budget year, and planned total expenditures for the new budget year.

   b. Copy of budget for each activity showing all sources of estimated income and planned expenditures, dollar-per-item, for the new budget year.

6. **Budget Reporting.** Copies of approved preliminary and final budgets shall be kept on file for audit.

7. **Budget Control.**

   a. Principal may approve necessary budgeted encumbrances for the next year, following approval of the preliminary budget.

   b. ASB expenditure requests shall be submitted on student body requisition signed by originator of the request, financial clerk, ASB representative, ASB advisor, and principal. Purchase order number shall be assigned before purchase is authorized. Financial clerk’s signature certifies that request is authorized and funds are available.
c. Budget revision approved by student council must precede expenditures for items not included in the budget, or for over-expenditures for items budgeted. *Over-expenditures are prohibited* (C.3.a.).

d. Authorization for expenditures expires at the end of the fiscal year, except when funds for expenditures are encumbered by outstanding purchase orders. Purchase orders carried over to the next fiscal year (July 1 – June 30) shall be liquidated by November 30.

8. **Expenditures.**

a. Under a system of budgetary control, budgeted expenses become appropriations against which actual expenditures are charged. If appropriations are exhausted before a budget period expires, additional appropriations must be approved prior to making expenditures. An exception is a stop trust account, in which a negative balance is authorized if approved by the principal.

*Explanation:* Students building projects not required by instructional program, purchase materials at or near cost. Materials must be on hand before a project is started and cannot be ordered through instructional supply budget, which usually is already encumbered. ASB may lend money to the trust account, thereby creating a “revolving fund” that is reimbursed as materials are sold to students. Sales taxes must be paid to vendors on the cost price since materials and equipment are sold to students at, or near cost. These sales taxes shall not be included in quarterly sales tax report to Financial Accounting (see Administrative Procedure 2155).

b. Trust Fund Accounts. Requisitions for expenditures from trust accounts require signatures of activity sponsor, student chairman of specific club or group, financial clerk, and principal or vice principal. (Faculty funds, while called trust accounts, are exempt from this procedure). Trust fund and club accounts should never have a negative balance.

9. **Deposits.**

a. Student groups depositing funds in a student body account shall be required to submit a budget plan for approval prior to any expenditures (preferably at the beginning of the school year). If not feasible, a form requesting authorization to expend funds may be used to show status of account and purpose of proposed expenditure.

b. Groups other than student groups depositing funds in special purpose trust accounts must have the approval of the principal and additional members who he/she may designate prior to expenditure.

D. **IMPLEMENTATION**

1. Student-Faculty Finance Committee:

a. Disseminates a budget request form to each ASB activity requesting ASB funds; includes copy of activity’s budget for past year.
b. Requests that actual figures be substituted for budget figures, and using this information to prepare budget for next school year.

2. Organizations and activities requesting ASB funds make tentative budget estimates of income and expenditures in sufficient detail to give finance committee a full understanding of needs.

3. Student-Faculty Finance Committee:
   a. Examines all budgets in advance to determine practicability; makes certain that budgets of various groups and activities are coordinated and in harmony with each other.
   b. Reviews estimates of income and expenses; returns budget for adjustment, if necessary.
   c. Incorporates budgets into a total and balanced ASB budget.
   d. Attaches signed summary sheet to completed budget; forwards to student council for action.

4. Student Council:
   a. Deliberates on completed ASB budget; approves or disapproves the budget and records such action in minutes of the ASB council meeting, and on cover sheet of the budget.
   b. Obtains signatures of ASB president and principal on budget cover sheet; duplicates ASB budget and disseminates to:
      (1) Activity sponsors concerned.
      (2) Principal and other management employees as necessary.
      (3) ASB files for audit.

E. FORMS AND AUXILIARY REFERENCES
   1. Student Body Requisition, Stock Item 22-S-7955, PS #3025
   2. ASB budget forms

F. REPORTS AND RECORDS

G. APPROVED BY

[Signature]

General Counsel, Legal Services
As to form and legality
H. ISSUED BY

[Signature]

Chief of Staff